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## **Role of “Budget Speech”: A Malaysian Government Study**

### **Abstract**

**Purpose** – This paper studies the role of budget speech in the Malaysian Government as a “hybrid” for governing both the economy and social cohesion.

**Design/methodology/approach** – Through archival research, a governmentality framework and the concept of hybrids (Miller *et al.* 2008) are employed to explore the role of budget speech in articulating ways in which the Government managed the economic and social agenda.

**Findings** - Previous governmentality studies have primarily been conducted on economic performance in Western liberal democracies. Such research has illustrated the framework, measures undertaken by the Government and choices of the governable person in actions for economic life. This article applies these studies to a south-east Asian context and finds that budget speeches between 2007 and 2011 are hybrids, in that they set out ways of achieving the two key priorities of post-independence Malaysia – the need to promote economic development whilst also fostering social harmony. Most notably, it finds that economic development was the dominant priority in those budget speeches held prior to the global financial crisis and 2008 general election, whereas social cohesion assumed this position from 2009 onwards.

**Originality/value** - The findings have both practical and social implications for Malaysia, but also other jurisdictions that are using budget speeches to try to promote economic reforms and foster social cohesion.

**Key Words:** Budgeting; Governmentality; Hybrid; Central Government; Malaysia

## Introduction

The aim of this paper is to explore the role of annual budget speech in the “articulation” of ways in which the government manages the economic and social life (Hopwood, 1984). Drawing on Miller and Rose (1990) and Miller *et al.* (2008), it suggests that budget speeches are hybrids for governmentality practices, in that they attempt to articulate and achieve multiple objectives by putting together various economic and non-economic rationales, technologies for shaping human behaviours, and initiatives to engage actors to work towards common goals. The paper argues that the budget speech is not only the representation of government priorities but also a technology of intervention, the mechanism that translates thought into reality (Miller and Rose, 1990) and assigns accountability to various constituents. It is through the budget speech that the government articulates its ideas of managing the economic uncertainty, as well as influences the behaviours, feelings, activities and aspirations of others in order to achieve its intended objectives (Miller and Rose, 1990). In Malaysia we will illustrate that the budget speech has become a hybrid of objectives to deliver economic growth but also to promote social cohesion that is underpinned by various rationales, technologies and actors. The former objective of economic growth was dominant at the beginning of the period under investigation (2007-2011), before the latter objective of social cohesion assumed this position from 2009 onwards when encouraging economic development became subordinate to ensuring social harmony.

Questioning the role of budget speech in the context of the Malaysian Government managing its multi-racial society and post-independence economy involves on-going debates of public sector governance, political agenda setting, and performance measurement and management. It also involves consideration of how the pursuit of economic growth and social cohesion have been turned into a bureaucratic project of budget speech that the government can pursue, thereby shaping categories it professes to measure (Miller and O'Leary, 1990; Ezzamel *et al.*, 2012; Covaleski *et al.*, 2013). To understand practical problems posed by the economic and social needs of multi-racial citizens, this paper discusses the wider context of Malaysian budget speeches between 2007 to 2011 as a problem of public sector governance, and recognises practical issues that urge better performance, services for the public and fairness as a process of hybridising diverse resources (Miller *et al.*, 2008).

The period was selected to illustrate the ways in which the Malaysian Government articulated the ideas of governing amidst the global financial crisis. In particular, it demonstrates how the government responded to concerns that the crisis could threaten social cohesion within the country. These concerns were informed by a fear that racial tensions within the country, which had led to serious rioting and the imposition of emergency rule in 1969, could re-emerge. Indeed, in the aftermath of the 1997/98 Asian financial crisis, the Malaysian Government focused on bringing together the various ethnic, national and religious groups within the country, and explicitly rejected the neoliberal solutions proposed by the International Monetary Fund and the global financial community. As such, the 1998 budget saw an increase in import duties and non-tariff

barriers and further significant rises in social spending – despite a fall in government revenues – because government policies prioritised national unity rather than economic issues in the immediate aftermath of the crisis (Jomo, 1998). Since Malaysia was not as badly affected as other Asian countries either economically or socially, the government felt vindicated that its “home-grown” response had been effective. This contrasted with neighbouring Indonesia, which sought IMF assistance but suffered economically more than any other country and also experienced serious social and ethnic unrest in the late 1990s (Haggard, 2000, Ito, 2007).

Since these events took place, Malaysian budget speeches have been presented in a more formal tone and aim to engage these groups to work towards a common sustainable future. As such, they have been characterised not only by the desire to promote economic development, but also to foster social cohesion – and therefore budget speeches can be viewed as hybrids. This article highlights how the former objective (promoting economic development) was dominant in the run-up to the 2007/08 financial crisis, but became subordinate to the need to foster social cohesion once the impact of this crisis became apparent. In this way, it illustrates how the Malaysian government drew on the lessons from previous decades to further incorporate discourses of unity and political stability into budget speeches, as a way to mitigate against social unrest.

This paper contributes to existing public sector studies in two ways. Firstly, it analyses the role of articulation as an essential element in supporting budgetary practices in the public sector, an area of interest that has been widely neglected by most of the public

management literature. Unlike previous studies, which have focused mainly on the behavioural consequences of technical aspects of budgeting (Hopwood, 1972, Otley, 1978, Preston et al., 1992), we highlight the link between budgeting and other technologies of government such as the budget speech. The budget can be an important tool in stimulating economic growth and social cohesion if it is carefully directed towards these ends. Our study shows how these objectives are articulated through the Malaysian government's budget speeches in the period before, during and after the global economic downturn, as well as a poor result for the ruling party in the 2008 general election. In this way, we analyse how the speeches aimed to reiterate the government's commitments to bringing the country out of recession and encouraging different groups within society to work together. Secondly, by focusing on a country that is not widely known and studied, we show how links between budgeting and budget speeches that have been identified in Western states by other scholars are also evident elsewhere in the world.

The next section of this article analyses the literature related to governing economic life. Following that, we explain the background to Malaysia's budgetary formulation process and the methodology we employed. Next, the article analyses how annual budget speeches link to economic stimulus plan measures and social cohesion initiatives, before our thoughts are summed up in the conclusion.

## **Hybrids of Governing Economic and Social Cohesion through Budget Speech**

Budgets are a technology to manage economic performance but they can also be simultaneously employed in other ways to manage social cohesion, which means they act as a hybrid with more than one purpose. This is especially important for the Malaysian context because of an increased pressure to manage a multi-ethnic, multi-racial society under new and prolonged pressures of austerity. The country had experienced race riots in 1969, and the 1997/98 Asian financial crisis had triggered social unrest in neighbouring Indonesia, which meant that the Malaysian Government was acutely aware of the need to ensure that all citizens benefited from its policies. Indeed, it could claim to have achieved this to a large degree, since the country remained stable in the aftermath of the 1997/98 Asian financial crisis.

Miller and Rose (1990) define “technologies” as, “...a particular approach to the analysis of the activity of ruling, one which pays great attention to the actual mechanisms through which authorities of various sorts have sought to shape, normalise and instrumentalise the conduct, thought, decisions and aspirations of others in order to achieve the objectives they consider desirable” (ibid, p. 8).

Language is an important technology for articulation, not just because of the meaning it conveys but “as intellectual technologies, ways of rendering existence thinkable and practicable, amenable to the distinctive influence of various techniques of inscription, notation and calculation” (ibid, p. 27). The main idea that we draw from Miller and Rose

(1990) is the importance of self-government, and how this is articulated through budget speeches. For example, the government uses the budget speech to articulate the country's sense of direction or goals, but in making those goals attainable, individuals from various institutions - public or private, rural or urban - are mobilized in alliance to govern the economic and social well-being of the citizen.

The articulation of this strategy has the potential to make knowledge more explicit and to encourage learning, innovation and control (Hakanson, 2007). It is not restricted to talking; instead it also occurs in written forms such as documents, procedures, programmes or projects. The power of articulation rests primarily on its ability to engage everyone in a specific locale in similar insights and beliefs. For example, Gendron et al. (2007) report in their case study that text played the main role in articulating why public auditors should be given responsibility in auditing government performance: the claim of expertise was articulated through various documented guidelines and the statement of recommendations in the auditor's annual reports. Similarly, Kirk and Mouritsen (1996) direct our attention to the role of talk for articulation in giving prominence to accounting in organisations. They highlight how Danco (the Headquarters) used talking to emphasise the similarities between subsidiaries in order to apply standardised performance measurement criteria across the subsidiaries. Indeed, studies on the diffusion of accounting practices in public sector settings (Preston et al, 1992, Dent, 1991; Ogden, 1995, 1997) have demonstrated the role of articulation in embedding business knowledge with other forms of organisational knowledge. In these studies, business knowledge was



framed as the key element in promoting a “superior business style” (Dent, 1991) approach to the management of public sector organisations.

Drawing on previous governmentality studies, this paper recognises that government technologies to educate the citizen on self-government are important articulations as a means to analyse budget speech. Miller and O’Leary (1987) called upon the conception of governmentality (Foucault, 1991) to consider the relationship between bodies of knowledge and power relations, where bodies of knowledge and associated institutions are presented as techniques for the supervision, administration and disciplining of people, to the end of constructing the governable person (Miller and Rose, 1990) and making accountancy practical (Miller and O’Leary, 1990). From the mid-1990s governmentality became the established approach to the use of Foucauldian theory (Radcliffe, 1998, 1999).

More recently there has been a general shift within academic literature towards ideas of governmentality and technologies of government (Sargiacomo, 2008; Stein 2008). Other scholars have also shown an interest in blending Foucauldian ideas with other perspectives (Ezzamel *et al.*, 2007; Miller *et al.*, 2008; Radcliffe, 2008). For example, Miller *et al.* (2008) have a history of Foucauldian work in accounting, but draw on theories of risk, elements of organisation theory, and Actor Network Theory literature (e.g. Latour, 2007) in their notion of hybridisation. They suggest that the diverse practices and other resources concerned with the governing of organisations (such as budget speech) are made up of what they call “hybrids”: combinations of two or more elements that are

normally found separately and when, put together, come to be seen as “new phenomena” (Miller *et al.*, 2008, p. 943). They argue that the notion of hybrid has been too narrowly applied to organisational forms, thereby neglecting the important processes of hybridisation going on between “processes, practices, and expertises” (ibid, p. 961). For instance, they view the budget speech as a “stabilised hybrid”, which for both economic development and social cohesion could be made up of heterogeneous resources: rationales, technologies, and actors (e.g. Latour, 2007). The first resource, *rationales* or programmes, usually come with complex intellectual histories. They would, for example, set out how ministers hope to seek efficiency in resource utilisation, effectiveness in customer service, quality in operations, and overall “world-class” government. The second resource are *technologies* that attempt to standardise managerial and administrative interventions, including bureaucratic tools such as strategic plans, performance measurement systems and budgets. The third resource is a diverse array of *actors* and agencies, including politicians, government agencies, civil servants, experts, and different clients. Such an approach to hybrids in terms of partnerships, budgeting and modernising government has been used to consider the governance of larger inter-sector spheres of socioeconomic life such as health (Kurunmäki and Miller, 2011), and through excellence programmes, performance measurement and modernisation to central government (Kurunmäki and Miller, 2006).

Building on these discussions, this paper analyses the budget speech as a hybrid that the Malaysian Government has sought to use to educate the citizen on self-government. As such, it integrates hybrid approaches (Miller *et al.*, 2008) with those calling on

governmentality (Miller and Rose, 1990). In particular, it studies how budget speeches articulate the government's various economic and non-economic rationales, its technologies for shaping human behaviours, and the actors that ministers hope will work towards the government's overall objectives.

## **Methodology**

Due to its capacity to provide detailed descriptions of the phenomena under investigation, this paper adopts an archival research method. In this way, we study the discourses or broader socio-economic ideas that were articulated through budget speeches. The content of documents is an essential source of data (Prior, 2004), and our descriptive analysis of them also examines the rhetoric that ministers use, i.e. the claims that a text appears to inscribe and its relation to other texts (Atkinson and Coffey, 2004). As such, this study analysed budgetary speeches for their contents, rhetoric and wider socio-economic relevance, and also studied other public documents that referred to them, including newspaper and magazine articles.

We examined the annual budget speeches for the years 2007 to 2011 for discourses that supported the government's efforts to cope with the global financial crisis and maintain social cohesion, and linked this analysis to Malaysia's economic transformation during this period. Our focus is on the budget speech because it is seen as one of the government's most influential and high-profile annual events, and it is closely watched by public bodies, the private sector and the general public. For example, government

employees and trade unions want to know about potential pay issues, private businesses hope to hear about tax incentives and state-funded capital projects, and the public at large are keen to find out how their wellbeing could be improved through spending allocations on education, healthcare, and safety.

In this way, the annual budget speech is the initial point at which the wider citizenry are drawn into the government's objectives. The government also uses the occasion to connect these objectives with a longer term national vision and reflect on its performance in previous years. As such, the budget speech articulates the government's vision and plans for taking the country forward. This paper will show that the budget speech not only acts as a platform of sketching out the plan to revive the economy, but it also conveys the importance of national unity and the ability of the ruling party to manage uncertainty – at least in more difficult circumstances. The speech is aired live through electronic media and usually delivered on the third Friday of October by the Minister of Finance. For many years in Malaysia this position has been held by the Prime Minister.

We chose the 2007 budget speech as the starting point for investigation because this was the first budget after the approval of the 9<sup>th</sup> Malaysian Plan (the government's 5-year economic development programme covering the period of 2006-2010), and at this stage the economy was relatively stable with annual growth of 6%. It was also the final speech before the global financial crisis and the 2008 general election, and therefore allows us to identify how these events led to changes in articulation of the government's budget narrative and policy priorities.

## **Malaysian Budgetary Formulation Process**

Malaysia's annual budget formulation process starts with the issuance of budget circulars every January, after which government agencies prepare and submit their estimates for the New Year. In March, the Treasury receives the submission and studies the individual estimates and a preliminary hearing is conducted in April, followed by budget hearing between the months of May and July. In between August and September, the Ministry of Finance approves the budget, and budget documents are then printed and submitted to Parliament. After the first parliamentary hearing the budget is tabled for a second time, and this event is known as the budget speech and is broadcast through electronic media. In between September and December, Parliament debates and approves the New Year budget. By the end of December, the Ministry of Finance issues a warrant for expenditure and upon receiving this, government agencies can execute the budget.

## **The Link Between Budgetary Speeches and Measures to Manage Economic and Social Cohesion**

### ***The 9<sup>th</sup> Malaysian Plan and Budget Speeches of 2007 and 2008***

The Malaysian government maps its budget speech against the country's fiscal policies, as a way of articulating its efforts to govern the economy. This section highlights how

these policies changed during the period under investigation, as exemplified in the language adopted for budget speeches.

Table 1 shows the themes and the objectives of the 2007 and 2008 budget speeches, both of which were based on optimistic economic forecasts. As such, the themes of the budget for both years reflect the government's aspiration to direct people's efforts towards achieving the national vision and maintaining the country's prosperity. The budget objectives for the year 2007 fitted into the overall hierarchy of *Vision 2020*, which aimed to make Malaysia a developed country by the end of the following decade. This vision incorporated the *National Mission*, which in turn was to be delivered through a series of plans, including the 9<sup>th</sup> Malaysian Plan. It is therefore clear that, of the two aims that characterise Malaysian budget speeches, the desire to promote economic growth dominates over the need to foster social cohesion.

## **INSERT TABLE 1**

In the 2007 budget speech, the introduction focused on the country's credible financial position and was supported by encouraging estimates on per capita income, good performance of the manufacturing and service sectors, strong economic growth of 5.7% p.a. and a reduction in the balance of payments deficit from 5.7% in 2000 to 3.5% in 2006. Although ministers were confident about the country's performance, the budget speech also acknowledged the impact of the rising oil prices on global economic growth. As a result the government adopted an expansionary fiscal policy in order to try and meet

the five objectives shown in Table 1. It also reformed incentives and reduced corporation tax in order to encourage closer collaboration between government and the private sector – something that ministers felt was necessary to achieve the objectives set out in the *National Mission*. The 2007 budget speech was therefore a platform to emphasise the importance of the five thrusts of the 9<sup>th</sup> Malaysia Plan, and it sought to enrol government agencies, private sector companies and citizens in its efforts to achieve *Vision 2020*. As noted in the introductory remarks of the budget speech, the Minister of Finance suggests:

“We are now at the mid-point of the implementation of Vision 2020. The journey ahead is full of challenges. We must be determined, dedicated and act with a sense of urgency to ensure we achieve the national objectives within the stipulated timeframe. The *National Mission*, enunciated under the [9<sup>th</sup> Malaysian Plan], outlines five key development policy thrusts for the next 15 years. The theme of the 2007 budget is *Implementing the National Mission Towards Achieving the National Vision*. This budget is an action plan to spearhead the implementation of the *National Mission* towards realising Vision 2020” (Ministry of Finance Malaysia, 2007, p2).

The 2008 budget speech continued to articulate the importance of the 9<sup>th</sup> Malaysian Plan, which was based on the five thrusts of the *National Mission*. Once again, the opening remarks reiterated the five thrusts and set out how well the country was performing economically, although it suggested that the government was increasingly concerned

about social cohesion in the aftermath of the financial crisis. This is noted in the introductory part of the budget speech:

“The theme of the 2008 budget, *Together Building The Nation and Sharing Prosperity*, reflects the Government’s aspiration that wealth of the nation continues to grow and benefit all Malaysians. Only in this way will our economic development be meaningful, with all Malaysians living in prosperity and harmony” (Ministry of Finance Malaysia, 2008, p. 3).

As with the previous year’s budget, ministers sought to increase private investment by improving incentives and scheduling a further 1% reduction in corporation tax for the year 2009. In this way, the budget speeches for 2007 and 2008 both reflect government confidence over the economy. They both refer to the long term *Vision 2020*, and aim to encourage the nation to work towards economic development. Nonetheless, the themes selected for these years also suggest that the government wants to take an inclusive and holistic approach towards achieving these objectives. For instance, the 2008 budget theme of “Together Building The Nation and Sharing Prosperity” suggest the importance of social cohesion and sharing the economic cake of the country. As such, social cohesion plays an important – albeit subordinate – role in the budget speech, alongside the desire for economic growth.



*During the Peak of the Crisis - Budget 2009 and Budget 2010 and the Financial Stimulus Package*

Table 2 shows the themes and objectives associated with the budget speeches of 2009 and 2010.

**INSERT TABLE 2**

The 2009 budget was prepared in the midst of global economic turmoil and in the aftermath of a poor general election performance by the ruling party in Malaysia. However, the government had some confidence in the economic foundations of the country, and therefore the speech was carefully worded to articulate concerns about global market uncertainty, as well as to show its strong commitment to protect the wellbeing of the nation. While still in line with the five thrusts of the *National Mission*, ensuring the well-being of Malaysians became the primary objective. This demonstrates how the government responded to the financial crisis by making social cohesion the dominant feature of its hybrid budget speech, with economic growth being relegated to a more subordinate role. Reflecting this prioritisation, the 2009 budget focused on the broad range of measures to reduce the impact of rising living costs, especially among lower income groups. These included increasing welfare assistance, implementing programmes to enhance income, raising the level of disposable income by way of higher personal tax rebates, increasing the stock of low cost housing, reducing the cost of home ownership, spending more on public safety, and providing more funding for Small and

Medium-sized Enterprises (SMEs). The 2009 budget speech also showed how the government used language as a technology for articulation to try and bring the whole population together, including those Malaysians of different political persuasions and ethno-socio-economic backgrounds. It was therefore not merely governmentality of an economic performance exercise, but also a means of fostering social cohesion. This is expressed in the following quote:

“The spirit of solidarity is truly tested during difficult times. As we move forward, loyalty to the nation and the sense of unity continue to be indispensable in building a peaceful and prosperous nation. While democracy allows for the expression of different views, we must, however, remain united on fundamental issues of national interest” (Ministry of Finance Malaysia, 2009, p. 2).

While there were attempts to align the interests of people from different political backgrounds, the ruling party would always have the power to shape the thinking of the citizen. For example, the budget speech could be legitimately used by the government as a stage to articulate the pre-eminence of the ruling Barisan Nasional Party’s ideas, illustrating the budget as a political process (Wildavsky, 1964, 1975). This is highlighted through the following quote:

“I wish to reiterate that the Barisan Nasional Government, which has been given the mandate by the people in March this year, will continue to safeguard political stability and enhance economic prosperity of the nation. Efforts by certain parties

to destabilise the country by attempting to seize power through illegitimate means, and without the mandate of the people, must be rejected. We cannot allow uncertainties to continue, as this will adversely affect foreign investment, economic sentiment and the capital markets. I will not allow these disturbances to continue. I will not permit the mandate given by the people to be seized from Barisan Nasional, which had won the last election with a majority of the seats, based on democratic principles. I am confident the people will continue to support the Barisan Nasional Government to govern the nation. We need to get on with the business of governing and not waste any more time with opportunistic threats to seize the people's mandate through undemocratic means" (Ministry of Finance Malaysia, 2009, p. 30).

The above quote also illustrates how the budget was used as a mechanism of articulation to strengthen the political agenda of the government. This happened shortly after the 2008 election, at which the ruling Barisan Nasional party suffered its worst election result since Malaysia became independent<sup>1</sup>. Although Barisan Nasional still held more than half of the parliamentary seats, it no longer enjoyed a two-thirds "supermajority" and therefore was unable to amend the constitution. As such, ministers tried to use the 2009 budget speech to convince the nation that the party was capable of managing the country out of recession and engaging people from different political backgrounds to work together for common goals. In other words, the 2008 election and the global financial crisis both contributed towards the Malaysian Government pursuing a more inclusive

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<sup>1</sup> Malaya gained independence from Britain in 1957 and formed the federal state of Malaysia with the newly-independent territories of North Borneo and Singapore six years later. Singapore separated from this arrangement in 1965.

economic policy, with the 2009 budget speech being more explicit about the need for social cohesion. As analysis from KPMG identified, budget 2009 focused more on individuals than corporations, in an attempt to ease the burden of the majority in Malaysia:

“... it would appear that the Budget 2009 is focused on alleviating poverty and assisting lower income groups” (Guan, 2009).

The Malaysian economy did not start to feel the effects of the financial crisis until the last quarter of 2008, when revenue from exports and investments began to fall. Therefore, while the 2009 budget did aim to strengthen the nation's resilience in the face of economic problems, soon afterwards it became apparent that the financial crisis would have a greater impact than had been expected initially. As a result, the government introduced its first stimulus package amounting to RM7 billion (just over \$2 billion US dollars) in November 2008. Although this stimulus did not form part of the normal budgetary process, the following additional spending commitments were allocated to objectives that featured in the 2009 budget:

- *Ensuring the well-being of Malaysians* – a further RM 2.6 billion was earmarked for increasing the stock of low cost housing, improving public transport infrastructure and maintaining public infrastructure.

- *Developing quality human capital* – RM 1 billion was added to this budget for enhancing youth programmes and training, preschool education and skill training funds.
- *Strengthening the nation's resilience* – an additional RM 3.4 billion would be spent on increasing private investment and attracting business opportunities for SMEs, as well as improving and maintaining public amenities such as schools and hospitals.

The social nature of many of these initiatives showed once again how articulation by the Malaysian Government was prioritising cohesion by funding inclusive programmes, whilst also trying to reinvigorate the economy. However, as 2009 progressed it became increasingly apparent that this first stimulus package would be insufficient. For instance, exports declined by 27.8% in January and the price of commodity exports such as palm oil, crude oil and gas declined sharply. As a result, the government revised its GDP projections and in March it introduced a second, much larger, stimulus plan of RM 60 billion, which it articulated would be implemented over two years, 2009 and 2010. This was the largest stimulus package in Malaysia's economic history.

The stimulus packages were seen by many analysts as an important step to speed up the economic recovery and enable the country to prosper. For example, the Malaysian Rating Corporation Berhad (MARC) suggested that:

“..... the government’s comprehensive stimulus package will likely prevent the current global economic calamity to affect the Malaysian economy to the extent of 1998” (MARC, 2009).

However, it is also important to note that the Malaysian government articulated clear social objectives, which were given more prominence than merely a desire to promote economic development. For example, the second stimulus package came with four thrusts, as follows:

- *Reducing unemployment and increasing employment opportunities* - the government allocated an extra RM 2 billion for job creation programmes, training, education and incentives for employers to take on new staff.
- *Reducing burdens on citizens, in particular, on vulnerable groups* – an additional RM 10 billion was directed towards increasing subsidies on basic foodstuffs, encouraging home ownership, improving public infrastructure, enhancing micro-credit programmes, and increasing welfare payments to the less well-off.
- *Assisting the private sector in facing the crisis* – a further RM 29 billion was targeted at improving foreign and domestic investor confidence in the Malaysian economy, through initiatives such as providing working capital to smaller companies, government-supported loans and by promoting the car and aviation industries.

- *Building capacity for the future* – RM 19 billion was earmarked for stimulating new growth areas and off-budget based infrastructure improvement programmes, such as airport expansion, telecommunications improvements and various PFI projects and public-private partnerships that might otherwise not be financially viable.

As such, we can see how the government's priority of ensuring continued economic growth (in order to achieve the objectives of the *Vision 2020* plan) was complemented by the need to address concerns that the financial crisis could threaten social cohesion.

Although Budget 2010 was tabled just seven months after the launch of the second stimulus package, this speech shows how government ministers wanted to claim credit for their efforts in coming out of recession. In this way, it referenced the global economic uncertainty and argued that the stimulus package was a principle reason why the economy was recovering. This was the first budget speech for the present Premier who took office in April 2009. Since then, he has launched several important initiatives to stimulate the economy by way of innovative tools and concepts such as six New Key Result Areas (NKRAs), Key Performance Indicators (KPIs) for public administration and the civil service, and an innovative concept of *IMalaysia*. The concept of *IMalaysia* carries the meaning of "People First, Performance Now", and is part of a continuing effort to strengthen unity among the Malaysian people. It is based on the acceptance of social justice within a multiracial society. While the overall tone suggests some confidence for economic recovery as reflected in "*Together We Prosper*", the 2010

budget speech pays greater attention to governance and public service performance, by stressing ideas such as KPIs for the civil service, NKRAAs on combating corruption, reducing crime, improving urban public transport, raising living standards of low income households, as well as explicit attention being given to value for money. As noted in the closing speech:

“This allocation reflects prudence in government spending and gives priority to value-for-money. This is a good opportunity to reprioritise programmes, streamline processes and restructure government machinery towards enhancing efficiency and effectiveness, while meeting expectations of the *rakyat* (ordinary people). Civil servants must strive to increase productivity through efficient utilisation of limited resources” (Ministry of Finance Malaysia, 2010, p. 47).

The theme *Together we Prosper* invites everyone to play their part in strengthening the economy. The implementation of NKRAAs, KPIs and the concept of *1Malaysia* was the articulated blueprint that specified how things should be done in order to achieve the country’s objectives. The civil servants for instance, were urged to improve their productivity, and this was reflected in their KPIs. Although some citizens viewed the concept of *1Malaysia* as empty rhetoric, its language attempts to promote a feeling of national unity and working towards common objectives. As such, it addresses concerns about social cohesion in the same way as *Vision 2020* focused on stimulating economic growth – demonstrating how the Malaysian government’s priorities had changed in the aftermath of the financial crisis and general election.



For example, the label of *1Malaysia* is used everywhere, including in schools or colleges, youth activities, training activities – even at weddings. The government has also established a *1Malaysia* shop that follows the concept of a co-operative form of mini market that offers items to meet basic essential needs at a relatively low price. This shop also focuses on the products produced by SMEs and acts as a mechanism for the government to control prices and reduce the possibility of multinational companies increasing prices without proper justification.

### ***After the Crisis: Budget 2011 and the 10<sup>th</sup> Malaysia Plan***

Table 3 highlights the themes and objectives from the 2011 budget speech. While the first three objectives of the 2011 budget had also appeared in previous years, strengthening public service delivery for the first time appears as a front line objective.

## **INSERT TABLE 3**

The finance minister used the speech to argue that the government's strategy to cope with the financial crisis had been a success. Indeed, his claim that the stimulus packages had prevented the country from more serious economic problems appeared to be supported by the evidence: GDP was rising, the currency was strong and the stock market was performing well. The theme of the 2011 speech was *Transformations towards a developed high income nation*, which suggested that Malaysia's government was

focusing once more on making the country “developed”. In this way, it echoes the themes from the 2007 and 2008 budget speeches, which took place before Malaysia felt the full impact of the financial crisis.

Nonetheless, the budget speech reiterated the importance of the *1Malaysia* plan, which shows how the government still wanted to foster greater social cohesion alongside economic growth. As such, these twin objectives assume fairly equal status in the 2011 speech, which provides a clear illustration of how ministers were keen to promote economic growth whilst also including the *rakyat* and therefore ensuring a stable society. This is expressed in the following quote:

“The government upholds the concept of *1Malaysia* as the fundamental philosophy in driving the nation’s development path, the Government Transformation Programme or (GTP) and Economic Transformation Programme or (ETP) will be the guiding force in this journey. The six National Key Result Areas (NKRAs) and the New Economic Model with its eight Strategic Reform Initiatives will be the framework for the nation’s economic transformation. The implementation of the development programmes will be realised through the Tenth and Eleventh Malaysia Plans” (Ministry of Finance Malaysia, 2011, p. 2).

In this way, the budget speech 2011 was the platform used by the government to connect the various programmes of the government with the future development of the country. The *Malaysian Plan*, the NKRAs, the *New Economic Model* and the *Government*

*Transformation Programme* had been launched as separate events to explain their importance to the process of transforming the economy. Now they were integrated as a set of discourses in an effort to align the government, private sectors and the general public towards the same goal of economic development for the benefit of all Malaysians.

The 2011 speech also aimed to remind the nation of what they have gone through. The country's success in applying "home-grown" solutions to recover from the 1997/98 Asian Financial Crisis is something that was perceived to have made every Malaysian proud.

For this reason, using the budget speech to articulate reminders of the past would combine the belief and emotions of the citizen with the current programme of governing the economy. By reiterating how Malaysia recovered quickly and successfully from the 1997/98 Asian crisis, the finance minister is suggesting that the government's response to global events ten years later would be equally effective. This is reflected at the beginning, and reiterated towards the end, of the budget speech:

"In fact prudent financial management has enabled us to weather the 1997/98 financial crisis through firm and unorthodox measures. As a result, criticism has turned to praise and prejudice to admiration. Despite challenges, we will not retreat from this noble mission, as truth is in our favour based on our record of excellent performance" (Ministry of Finance Malaysia, 2011, p. 37).

## **Hybridisations of Economic Governance with Social Cohesion through Budget Speech**

This paper has examined the budget speech during the period of financial crisis as an illustration of its significance for articulation of the Malaysian economic and social agenda. It now draws on the framework of governmentality (Miller and Rose, 1990) and the concept of hybrids (Miller *et al.*, 2008; Kurunmäki and Miller, 2006; 2011) to explain the role of budget speech as a hybrid of objectives of economic performance and social cohesion underpinned with rationales, technologies and actors that help to educate the citizen on self-government. In particular, it demonstrates how the budget speeches included a mixture of rationales for resource allocation (both economic development and social cohesion), technologies (the mechanisms it sought to use to shape economic and social activities), and actors who are expected to take part in governing the economy and social well-being of the citizen.

### ***Rationales***

The most obvious purposes of budget speeches is in the articulation to set out how various government programmes link together and how they will be funded – and these features were evident in the speeches we studied. We also found that the rationales for budget allocations were linked to prevailing national agendas of *Vision 2020* and *1Malaysia*, with the latter assuming greater importance after the financial crisis. For instance, during the peak of the crisis, government initiatives prioritised social cohesion, whilst also wanting to stimulate the economy. This was illustrated by the creation of the

*IMalaysia* shop, which offers both affordable goods and entrepreneurial opportunities to the citizen. As such, the Malaysian Government used its budget speeches as a hybrid of practices that brought together both economic and non-economic rationales into an overall national strategy. This supports the arguments of Miller *et al.* (2008) that government programmes set hybridisation as central to public policy.

### ***Technologies***

The budget speech also acts as a technology for articulation to govern the Malaysian economy and encourage social cohesion among citizens. For instance, the budget objectives during the peak of the crisis were focused on ensuring the well-being of Malaysians and strengthening the national economy. In this way, the budget speech acted as a technology to inform the public about the importance of human capital for the country's future development. Faced with the global economic uncertainty, the budget speech was used as a mechanism to shape the thinking of the citizen on the government's ability to protect public well-being. While the budget speech is a platform for the ruling party to demonstrate its political power, the political agenda was carefully articulated in the discourse of governing economic and social wellbeing of the nation. This is important to ensure the budget is seen as a technology that is in alignment with rationales of governing the economy and social cohesion, as well as to engage various actors (including the opposition) to work towards common goals. This was reflected in the 2009 budget speech:

“While democracy allows for the expression of different views, we must, however, remain united on fundamental issues of national interest” (Ministry of Finance Malaysia, 2009, 2).

### ***Actors***

As a hybrid of economic performance and social cohesion objectives underpinned with rationales and technologies, the budget speech articulates a blueprint for implementing the national strategy. Nevertheless, in order to implement this blueprint, the speech also needs to articulate an engagement with various actors in the process of achieving common goals. In Malaysia this was achieved through the concept of *1Malaysia*, which the government saw as glue to join various actors together, particularly different ethnic and social groups and from across the public-private sector divide, and thereby stimulate economic development but protect social cohesion. Moreover, the budget speeches provided a blueprint for the various actors to play their part in improving the economic and social wellbeing of Malaysians. For instance, they urged public servants to improve their productivity and the quality of public services. As such, we can see how they sought to mobilise various societal actors to achieve both the economic and social objectives of the government.

## Concluding Thoughts

In order to understand the ways in which the Malaysian government has used budget speeches as a hybridisation for governance of economic performance and social cohesion objectives that are underpinned with rationales, technologies and actors, this paper analysed the budget speech held in the year before the 2008 financial crisis, during the crisis and immediately afterwards, up until 2011. The research adds to governmentality literature that primarily has been focused on western liberal democracies, with insights from a South East Asian context in the form of Malaysia. Further, this study also adds to the limited literature that investigates hybridisation of practices and processes (Miller *et al.*, 2008).

This article found that budget speeches comprised various rationales, technologies and actors for both economic growth and social cohesion, and therefore demonstrated a hybridisation of accounting practices. In particular, the Malaysian Government used budget speeches for articulation purposes in three ways. Firstly, they were viewed as technologies to align the interests of various constituents towards common goals. In doing this, the government articulated various programmes of governing the economy and linked them with the discourse of unity, economic prosperity and financial performance to promote social cohesion – particularly after 2008. The concept of *1Malaysia* for instance, is the glue that holds people together in the spirit of sharing the economic cake among multi-racial constituents.

Secondly, the budget speech provided a stage for the ruling party to show that it was able to govern the country effectively and highlighted its dominance over the opposition.

Although there were explicit calls to forget the differences in political ideology once the impact of the financial crisis became clear, our analysis clearly shows that the budget speech was used as a space for articulation to combine political interests with economic strategy. The decision to use the budget speech to promote a political agenda is understandable, as this event receives wide coverage in the country. As such, we concur with Miller and Rose (1990) on the importance of regulating citizens' beliefs and emotions to create allies in achieving economic efficiency.

Thirdly, we suggest that the budget speech is a hybridisation of rationales, technologies and actors and is a form of practice that draws on both economic and non-economic agendas. In the context of Malaysia, articulation of budget speeches in the aftermath of the financial crisis blended economic rationales (as set out in the *Vision 2020* programme) with various non-economic rationales (which were grouped under the concept of *1Malaysia*). In this way, issues of social cohesion played an active role alongside the desire for economic growth and modernisation, particularly after concerns grew that the financial crisis might threaten the country's stability. In other words, the budget is not just a technology for shaping the governable person to do their bit in the national interest for economic stability (during the financial crisis) and economic progress (post financial crisis). It is also a technology for promoting social cohesion, drawing on the present (*1Malaysia*), past (national and political responses to the 1997 financial crisis) and future (through "ensuring the well-being of all Malaysians").



Such findings have implications not only for Malaysia, but other international jurisdictions that are using hybridisation of the budget not only to serve objectives of economic changes but also to foster social cohesion. This is particularly important following financial crises where the perceived fairness of resource allocation may be called into question potentially undermining systems of governance and even political regimes of government.

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